

**COUNTY EXECUTIVE'S 2006 BUDGET****DEPT:** APPROPRIATION FOR CONTINGENCIES**UNIT NO.** 1945**FUND:** General - 0001**OPERATING AUTHORITY & PURPOSE**

Pursuant to the provisions of Section 59.60(5)(e) of the Wisconsin Statutes, the Director, Department of

Administrative Services may transmit an estimate of funds required as an appropriation for contingencies.

<b>BUDGET SUMMARY</b>			
	<u>2004 Actual</u>	<u>2005 Budget</u>	<u>2006 Budget</u>
Expenditures	\$ 0	\$ 4,417,022	\$ 12,210,058
Revenues	\$ 1,271,965	\$ 0	\$ 0
Property Tax Levy	\$ 1,271,965	\$ 4,417,022	\$ 12,210,058

Contingency Appropriation Analysis

	<u>2003</u>	<u>2004</u>
Adopted Appropriations	\$ 4,417,022	\$ 4,417,022
Transfers In	8,236	3,271,965
Transfer Out	<u>(848,477)</u>	<u>(5,745,847)</u>
Year-End Balance	\$ 3,576,781	\$ 1,943,140

BUDGET COMPARED TO APPROPRIATION TRANSFERS

<u>Year</u>	<u>Adopted Budget</u>	<u>Appropriation Transfers Out</u>
1996	2,897,880	891,795
1997	4,000,000	289,201
1998	4,250,000	2,500,000
1999	4,000,000	3,933,411
2000	4,576,194	3,930,420
2001	5,500,000	3,821,779
2002	5,417,022	5,756,953
2003	4,417,022	848,477
2004	4,417,022	2,743,108
2005	4,417,022	313,356 *
Mean (1996/2005)	\$ 4,389,216	\$ 2,502,850

\*Transfers out through July 2005

## COUNTY EXECUTIVE'S 2006 BUDGET

DEPT: APPROPRIATION FOR CONTINGENCIES

UNIT NO. 1945  
FUND: General - 0001

### MISSION

- Since 2003 it has been the policy of Milwaukee County that any new or unanticipated revenue actually received in the current year that is not identified in that year's budget shall be transferred to the Appropriations for Contingencies (Org. Unit 1945). This policy shall apply to new revenue sources, unanticipated revenues and revenues from existing sources that are in excess of the amounts included in the current year's budget. The Department of Administrative Services is authorized and directed to process such fund transfer(s) as necessary if and when such new revenue sources or excess revenues are identified.
- The first priority for use of any such revenues is to allow the County to achieve a balanced budget in the current year. The second goal will be to achieve a surplus equal to that in the previous year's budget. Finally, if it appears that the first two goals will be achieved, such revenue can be used for emergency needs during the current budget year.
- Per adopted County policy, any land sale revenue received in excess of the amount budgeted for Org. Unit 1933 – Land Sales shall be placed in Org. Unit 1945 – Appropriation for Contingencies.

### BUDGET HIGHLIGHTS

- Appropriations for Contingencies for 2006 are budgeted at \$12,210,058, an increase of \$7,793,036 over the adopted 2005 budget. These funds are comprised of three major categories. The first is net revenue of \$4,470,122 from existing Federal, State, and local sources less all County expenses. The

second is \$5.1 million in net revenue (received in Org. Unit 1972) from the anticipated adoption, by labor unions, of the County's current offer for wage and benefit provisions through 2006. Of the \$11.6 million anticipated from lower County costs for providing health insurance, \$6.5 million has been reserved to cover the estimated cost of increased wages for all County employees. The third source is \$2,639,936 in revenues (received in Org. Unit 1969) from a new Federal program (Medicare Part D) created by the Medicare Prescription Drug and Modernization Act of 2003 that will partially reimburse the County for providing prescription drug coverage to its retired employees.

The net surplus of \$4,470,122 represents expenditures and revenues from sources with which the County has ample past experience. The other two categories represent new revenue streams that carry a high level of uncertainty. The proposed wage and benefit package will generate approximately \$11.6 million in revenues only if the County reaches agreements with each of its bargaining units in a timely fashion and the plan can be implemented on January 1, 2006. Should any delay occur in implementing the new plan with any employee group, this revenue will not be realized. The Medicare Part D program is new and the Federal government's formulas, procedures, and schedules are as yet unknown, meaning timely receipt of these revenues at this level is uncertain. Given the uncertainty surrounding these two new revenue sources, it is recommended that these revenues not be relied upon to fund County expenses, and that they instead be deposited into the contingency fund, in order to avoid a potential deficit in 2006.